



FEDERAL ELECTION COMMISSION

WASHINGTON, D C 20463

AUG 31 2004

Paul Iskyan
Rug Renovating Co., Inc.
532 N. Grove Street
East Orange, NJ 07017-4909

RE: MUR 5524
Rug Renovating Co., Inc.

Dear Mr. Iskyan:

On August 27, 2004, the Federal Election Commission found reason to believe that Rug Renovating Co., Inc. violated 2 U.S.C. § 441b(a), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act"). However, after considering the circumstances of this matter, the Commission also determined to take no further action and closed the file in this matter as it pertains to Rug Renovating Co., Inc. The Factual and Legal Analysis, which formed a basis for the Commission's finding, is enclosed for your information.

The Commission reminds you that the Act prohibits the making of corporate contributions, and in particular, individual contributions cannot be made using corporate monies or on corporate checks; doing so is a violation of the Act. Rug Renovating Co., Inc. should take steps to ensure that this activity does not occur in the future.

The Act also requires that while the case is active as to other respondents, the confidentiality provisions of 2 U.S.C. § 437g(a)(12)(A) remain in effect. The Commission will notify you when the entire file has been closed.

If you have any questions, please contact Daniel G. Pinegar, the staff attorney assigned to this matter, at (202) 694-1650.

Sincerely,

A handwritten signature in cursive script, reading "Ellen L. Weintraub".

Ellen L. Weintraub
Vice Chair

Enclosure:
Factual and Legal Analysis

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FEDERAL ELECTION COMMISSION
999 E Street, N.W.
Washington, D.C. 20463

FACTUAL AND LEGAL ANALYSIS

RESPONDENT: Rug Renovating Co., Inc.

MUR: 5524

I. GENERATION OF MATTER

This case was generated based on information ascertained by the Federal Election Commission ("the Commission") in the normal course of carrying out its supervisory responsibilities. *See* 2 U.S.C. § 437g(a)(2).

II. FACTUAL AND LEGAL ANALYSIS

Dr. Marilyn O'Grady ran for a U.S. House of Representatives seat in New York's 4th Congressional district in 2002. She won her September 10, 2002 primary election, but lost to Carolyn McCarthy in the general election on November 5, 2002. O'Grady's authorized political committee was Friends of Marilyn O'Grady ("the Committee").

The Federal Election Campaign Act of 1971, as amended, prohibits a corporation from making any contribution or expenditure, directly or indirectly, in connection with any Federal election. 2 U.S.C. § 441b(a). This prohibition applies to any type of corporation, including a non-stock corporation, an incorporated membership organization, and an incorporated cooperative. The term "contribution" includes any "direct or indirect payment, distribution, loan, advance, deposit, or gift of money, or any services or anything of value" to any candidate or campaign committee in connection with any Federal election. 2 U.S.C. § 441b(b)(2).

1 The Commission authorized an audit of the Committee pursuant to 2 U.S.C. § 438(b),
2 covering the period of January 15, 2002 – December 31, 2002. The Commission approved the
3 findings of the Final Audit Report on March 22, 2004. The Final Audit Report includes findings
4 that the Committee received prohibited contributions from different corporate entities. In
5 particular, on July 16, 2002, Paul Iskyan wrote a check for \$250 to the Committee that was
6 drawn on the account of Rug Renovating Co., Inc. The Committee received and deposited this
7 contribution.

8 Therefore, there is reason to believe that Rug Renovating Co., Inc. violated 2 U.S.C.
9 § 441b(a) by making a prohibited contribution.

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